

# House File 742 - Introduced

HOUSE FILE \_\_\_\_\_  
BY HELLAND

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to state taxation and regulation by coupling with  
2 certain bonus depreciation provisions in the Internal Revenue  
3 Code, increasing the amount of certain casualty loss  
4 deductions, providing for a disaster recovery wages tax  
5 credit, providing a sales tax exemption, and providing for  
6 certain gubernatorial powers and including effective and  
7 retroactive applicability date provisions.  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
9 TLSB 2068YH 83  
10 tm/sc/14

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### DIVISION I

#### BONUS DEPRECIATION

1 3 Section 1. Section 422.7, Code 2009, is amended by adding  
1 4 the following new subsection:

1 5 NEW SUBSECTION. 54. A taxpayer is allowed to take the  
1 6 additional first-year depreciation allowance under section  
1 7 168(k)(4) of the Internal Revenue Code, as amended by Pub. L.  
1 8 No. 110-185, in computing net income for state tax purposes.

1 9 Sec. 2. Section 422.35, Code 2009, is amended by adding  
1 10 the following new subsection:

1 11 NEW SUBSECTION. 25. A taxpayer is allowed to take the  
1 12 additional first-year depreciation allowance under section  
1 13 168(k)(4) of the Internal Revenue Code, as amended by Pub. L.  
1 14 No. 110-185, in computing net income for state tax purposes.

1 15 Sec. 3. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

1 16 This division of this Act, being deemed of immediate  
1 17 importance, takes effect upon enactment and applies  
1 18 retroactively to January 1, 2008, for tax years beginning on  
1 19 or after that date.

### DIVISION II

#### CASUALTY LOSS DEDUCTIONS

1 22 Sec. 4. Section 422.7, Code 2009, is amended by adding the  
1 23 following new subsection:

1 24 NEW SUBSECTION. 18. Notwithstanding certain limitations  
1 25 on the deduction of personal casualty losses in section 165(h)  
1 26 of the Internal Revenue Code, a taxpayer may subtract the full  
1 27 amount of a personal casualty loss to the extent the loss  
1 28 exceeds personal casualty gains for the taxable year.

1 29 Sec. 5. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

1 30 This division of this Act, being deemed of immediate  
1 31 importance, takes effect upon enactment and applies  
1 32 retroactively to January 1, 2008, for tax years beginning on  
1 33 or after that date.

### DIVISION III

#### DISASTER RECOVERY WAGES TAX CREDIT

2 1 Sec. 6. NEW SECTION. 422.11X DISASTER RECOVERY WAGES TAX  
2 2 CREDIT.

2 3 1. The taxes imposed under this division, less the credits  
2 4 allowed under section 422.12, shall be reduced by a disaster  
2 5 recovery wages tax credit for the amount of wages paid to  
2 6 employees by an employer in certain areas affected by natural  
2 7 disasters during calendar year 2008.

2 8 2. To be eligible for the tax credit, an employer shall be  
2 9 located in a county declared a disaster area during calendar  
2 10 year 2008 by the governor or by a federal official and shall  
2 11 have sustained physical damage as a result of a natural  
2 12 disaster occurring in calendar year 2008.

2 13 3. An individual may claim a tax credit under this section  
2 14 of a partnership, limited liability company, S corporation,  
2 15 estate, or trust electing to have income taxed directly to the

individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

4. Any tax credit in excess of the taxpayer's liability for the tax year is not refundable, but the taxpayer may elect to have the excess credited to the tax liability for the following two years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer first receives the tax credit.

5. A taxpayer eligible for the tax credit shall include with the taxpayer's return an affidavit verifying that the taxpayer sustained physical damage as a result of a natural disaster occurring during calendar year 2008 and shall include information establishing the total amount of wages paid to employees during the taxable year.

6. A taxpayer taking a deduction for wages paid to employees in a taxable year cannot claim a tax credit under this section.

7. This section is repealed June 30, 2011. This repeal does not affect the ability to carry forward tax credits pursuant to subsection 4.

Sec. 7. Section 422.33, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 27. The taxes imposed under this division shall be reduced by a disaster recovery wages tax credit in the same manner, for the same amount, and under the same conditions as provided in section 422.11X.

Sec. 8. Section 422.60, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 15. The taxes imposed under this division shall be reduced by a disaster recovery wages tax credit in the same manner, for the same amount, and under the same conditions as provided in section 422.11X.

Sec. 9. NEW SECTION. 432.12M DISASTER RECOVERY WAGES TAX CREDIT.

The taxes imposed under this chapter shall be reduced by a disaster recovery wages tax credit in the same manner, for the same amount, and under the same conditions as provided in section 422.11X.

Sec. 10. Section 533.329, subsection 2, Code 2009, is amended by adding the following new paragraph:

NEW PARAGRAPH. n. The moneys and credits tax imposed under this section shall be reduced by a disaster recovery wages tax credit in the same manner, for the same amount, and under the same conditions as provided in section 422.11X.

Sec. 11. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES. This division of this Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 2008, for tax years beginning on or after that date.

#### DIVISION IV

##### SALES TAX

Sec. 12. Section 423.3, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 95. The sales price of equipment used in disaster recovery efforts following a disaster emergency proclamation by the governor pursuant to section 29C.6 if the equipment is purchased following the proclamation.

#### DIVISION V

##### GOVERNATORIAL DISASTER POWERS

Sec. 13. Section 29C.6, subsection 6, Code 2009, is amended to read as follows:

6. a. Suspend the provisions of any regulatory statute prescribing the procedures for conduct of state business, or the orders or rules of any state agency, if strict compliance with the provisions of any statute, order, or rule would in any way prevent, hinder, or delay necessary action in coping with the emergency by stating in a proclamation such reasons. Upon the request of a local governing body, the governor may also suspend statutes limiting local governments in their ability to provide services to aid disaster victims.

b. When a disaster emergency has been proclaimed pursuant to subsection 1, suspend all inspections conducted by all state agencies. The governor shall identify in a proclamation the inspections to be suspended and the suspension time period.

c. When a disaster emergency has been proclaimed pursuant to subsection 1, limit regulatory action that may be exercised by the department of workforce development and the department

~~4 27 of natural resources. Under such limits, the departments~~  
~~4 28 shall only issue warnings for violations of applicable laws~~  
~~4 29 and rules if the violations are willful, repeated, or highly~~  
~~4 30 egregious violations. The governor shall identify in a~~  
~~4 31 proclamation the time period during which the provisions of~~  
~~4 32 this paragraph shall apply.~~

4 33 EXPLANATION

4 34 This bill makes certain changes to the tax laws and other  
4 35 related changes to assist in the recovery from natural  
5 1 disasters occurring in calendar year 2008.

5 2 DIVISION I. This division allows taxpayers to avail  
5 3 themselves of the additional first-year depreciation in  
5 4 section 168(k)(4) of the Internal Revenue Code passed by  
5 5 Congress as part of the Economic Stimulus Act of 2008 (Pub. L.  
5 6 No. 110-185).

5 7 This division of the bill takes effect upon enactment and  
5 8 applies retroactively to January 1, 2008, for tax years  
5 9 beginning on or after that date.

5 10 DIVISION II. This division provides that, notwithstanding  
5 11 certain limitations on the deduction of personal casualty  
5 12 losses in Internal Revenue Code section 165(h), a taxpayer may  
5 13 subtract the full amount of a personal casualty loss to the  
5 14 extent the loss exceeds personal casualty gains for the  
5 15 taxable year.

5 16 This division of the bill takes effect upon enactment and  
5 17 applies retroactively to January 1, 2008, for tax years  
5 18 beginning on or after that date.

5 19 DIVISION III. This division provides a tax credit to  
5 20 employers in disaster affected areas who have sustained  
5 21 physical damage as a result of the natural disasters of 2008.  
5 22 The credit is available in an amount equal to the wages paid  
5 23 to employees. Taxpayers taking a deduction for wages paid to  
5 24 employees cannot also claim the tax credit. The tax credit is  
5 25 not refundable and expires June 30, 2011.

5 26 This division of the bill takes effect upon enactment and  
5 27 applies retroactively to January 1, 2008, for tax years  
5 28 beginning on or after that date.

5 29 DIVISION IV. This division creates a sales tax exemption  
5 30 for the purchase of equipment used in disaster recovery  
5 31 efforts following a disaster emergency proclamation by the  
5 32 governor if the equipment is purchased following the  
5 33 proclamation.

5 34 DIVISION V. This division provides that when the governor  
5 35 makes a disaster emergency proclamation, the governor may  
6 1 temporarily suspend all inspections conducted by all state  
6 2 agencies. The governor shall identify the inspections to be  
6 3 suspended and the suspension time period in a proclamation.

6 4 The division provides that when the governor makes a  
6 5 disaster emergency proclamation, the governor may temporarily  
6 6 limit regulatory action that may be exercised by the  
6 7 department of workforce development and the department of  
6 8 natural resources. Under such limits, the departments shall  
6 9 only issue warnings for violations of applicable laws and  
6 10 rules unless the violations are willful, repeated, or highly  
6 11 egregious violations. The division requires the governor to  
6 12 identify in a proclamation the time period during which the  
6 13 limits will apply.

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